

**City Light Advisory Board**  
**Meeting Summary**  
**July 8, 2003, 8:30 am – 12:30 pm**  
**Key Tower 1756**

**Attending:**

Board members Jay Lapin, Donald Wise, Sara Patton, Carol Arnold, Randy Hardy, Maura O'Neill

Also present: Catherine Cornwall, Julie Tobin (Office of Policy & Management), Ben Noble (Legislative Central Staff), Jim Ritch, Glen Atwood, Dana Backiel, Lynn Best, Carol Everson, Nancy Glaser, Rick Jacobson, Mike Little, Steve Lush, Joe McGovern, Marya Castellano, Bob Royer, Joan Walters, Dan Williams (Seattle City Light)

**Superintendent's Update**

- FERC request. On June 25 FERC denied SCL's request for refunds. SCL will file a request for rehearing within the required 30 days and our claim will probably end up in circuit court. The current budget does not assume any revenue from the \$280 claim.

BPA rates. BPA announced their rates for this year decision, a 5% weighted average increase but a slight rate reduction as applied to City Light. Randy mentioned that settlement of the BPA litigation regarding year 2000 rate calculations could result in 5-10% decrease in BPA rates. The chances of settlement are 50-50.

- SLICE audit. The SCL contract allows BPA to true up projected costs to actual costs at the end of each year. SCL hired an auditor to look at charges against the contract. SCL and the other slicers paid \$50m up front which the auditor said should not have been paid. The auditor also said that BPA owes SCL and the other slicers \$80m. There is a 60 day negotiating period after which if there is no agreement, it goes to arbitration. This is the first year of a 10 year slice contract and from SCL's perspective it is important to get clarity around the specific meaning of the contract provisions.
- Lightning strike. Last week BPA experienced a lightning strike on one of the transmission lines connecting to Canada. To respond to the reduced capacity, and still meet their objective to send energy to Canada (treaty obligation), BPA cut back 400 megawatt-hours to Seattle, Puget and Tacoma. SCL had 30 minutes to deal with this reduction in power. SCL has concerns about the BPA process as it could have caused big problems especially if it occurred in winter. SCL will meet with BPA the first week in August to discuss the issue.
- Risk management workshop. SCL is trying to reschedule the 4<sup>th</sup> risk management workshop on July 18. The workshop will work through metrics and measures, and the goal is to get at people's tolerance for risk. There is no written proposal/draft policy on this issue. Risk management will be discussed at the August 19 session.

## **Board Business**

Holding statement for the media. Don drafted the statement, after receiving input from the Board and Bob Royer, here is the final version:

- Our mission is to provide utility and business expertise to advise the Mayor, City Council and Seattle City Light on major issues and policies that affect the utility.
- We are currently gathering information about the utility and its operating environment from a broad range of stakeholders and other informed parties.
- Our immediate objective is to identify those key issues upon which we will focus our initial efforts.
- This is a collaborative effort with the Mayor, Council and utility that has enjoyed their full support and cooperation.
- We will deliver a report of our work to the City in January, although we will be advising as appropriate prior to that time.

SCL Superintendent search committee. The committee have completed 6 weeks of input from public, business, labor, environmentalists, council and mayoral staff. At next Thursday's committee meeting the candidate profile will be finalized. The recruiter will talk to the remaining Board members prior to the meeting. (Carol will put the recruiter in contact with Maura and Sara). The recruiter will then go out into market. The tentative schedule is to complete recruitment by the end of August and to present several candidates to the Mayor by mid September. The recruiter wants to use the Board as a way to help to market the position to potential candidates.

Proposal for community outreach. The Board members discussed the proposed schedule. The number of meetings increased to seven. They are:

1. Denis Hayes of the Bullit Foundation and K.C. Golden of Climate Solutions with Sara and Jay. (Sara to set up.)
2. Eugene Wasserman of the Neighborhood Business Council with Sara and Don. (Sara to set up.)
3. Boeing -- Keith Warner or his Deputy -- with Carol and Jay. (Carol to set up.)
4. Vulcan with Maura and Don. (Maura to set up.)
5. SCL Employees -- mid-level managers with Carol and Maura. (Carol to set up.)
6. Authors of the Vantage Study with Jay and Randy. (Jay to set up.)
7. Stu Clarke of BPA with Carol and Maura. (Maura to set up.)

Board workplan. The Board wants to focus on financials and financial strategy of SCL. Jay will prepare a proposed workplan for addressing this issue, including meetings with outside experts. The Board decided to defer the Organization and Staffing review scheduled for September 2 and instead to schedule meetings with Steve Klein of Tacoma Power and Steve Reynolds of Puget Energy.

Rate Advisory Committee. The Board discussed whether and how to participate in the work of the Rates Advisory Committee (RAC) that will be convened in early 2004 to advise on the next rate adjustment. The Board would like to be aware of what is happening within the RAC but wants to remain independent of that body so we can make our own recommendations to the Mayor and Council. Don Wise will develop a proposal for Board involvement in the rate process. Jim Ritch will give Don a list of the issues SCL plans to ask the RAC to advise on.

## **Presentations**

**City Light's Conservation Programs and Services** by Marya Castellano, Director, Energy Management Services Division. Other SCL staff answering questions Joan Walters, Glen Atwood, Rick Jacobson, Mike Little, Steve Lush.

See presentation.

### **Questions/Comments:**

*SCL 2002 Power Portfolio.* The report is updated every year. All data is current and SCL install measures every year. SCL's portfolio assumes that 8% of its power needs are met through conservation. The 8% captures programs and services SCL financially participating in but is not an overall measure of total conservation efforts. (e.g. it does not include educational campaigns). The goal of the Conservation program is market transformation but the extent of market driven conservation is not part of the program measurements.

*EMSD plan vs conservation acceleration.* All capitalized. Current operating expenditures included. Cost per average mgw is \$2.5m depending on year.

Follow up: Jay would like a one page summary of conservation measures.

**City Light's Investment in the Environment** by Nancy Glaser, Director, Strategic Planning Office and Lynn Best, Manager, Science Policy Unit

See handouts.

### **Comments/questions**

*Greenhouse gas (GHG).* The sources of GHG are the Klamath contract, internal operations and some portion of the BPA block and slice. The megawatt-hours cost for Klamath power is in upper \$40 range; mitigation would add 1.5 to 2 dollars to this cost. SCL contracts for 100 megawatts from Klamath. The contract terminates in 2006 with a decision in 2004.

Earlier, SCL put a numeric value on externalities but have now moved to a more qualitative approach. The Earth Day policy was developed and put into action without a quantitative review of cost to SCL.

*Worker Safety.* SCL restructured to get safety improvements for dollars spent, are doing well against performance measurements and are close to their target of reducing the severity rate.

*BC Hydro Cost.* The cost looks high because it is front loaded for 30 years. After 2025 SCL will get virtually free power. The contract runs for 80 years.

*Boundary dam re-license.* This may change the way SCL uses boundary power, and SCL would like to have the Board review the strategy. FERC is developing a re-licensing process. SCL considering using that approach.

*Low impact power certification.* SCL's Skagit Hydroelectric Project is the only project in Washington (and the only large scale hydro project in the nation) to achieve this certification. SCL is trying to figure out if or how this recognition could be used as the basis for a LEED type product. Some board members felt strongly that SCL should pursue the potential economic benefit from this certification. The value from green tags or direct sales could be potentially large especially if the proposed California renewable policy standard is implemented. If current proposals are adopted, California will require 20% of utility resources to come from renewable resources, thus creating a strong demand for green power in California.

#### Follow up

Board would like to see the following:

- A breakdown of major components in percentage and dollar basis of GHG emissions and footprint information.
- More information on safety rates including accident rate vs. national utility average.
- How much SCL is spending proactive and discretionary beyond licensing requirements.

#### **Seattle City Light Financial Strategy** by Carol Everson, Finance & Administration

See handouts.

Due to time constraints Carol was unable to finish the presentation. The Board asked her to return on August 5.

#### Follow up

The Board requests the following information:

- Page 10. Does not include contracts. Would like to see a chart with everything but our own generation.
- Page 18 - Translation to average residential rate, would like to see different class rates on a table, include nominal rates.

The meeting adjourned at 12:50 pm.

Meeting notes taken by Julie Tobin, Office of Policy & Management